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## Board of County Commissioners Agenda Request 17

**Date of Meeting:** April 30, 2002

**Date Submitted:** April 25, 2002

**To:** Honorable Chairman and Members of the Board

**From:** Parwez Alam, County Administrator  
Vincent Long, Assistant County Administrator

**Subject:** Consideration of Fringe Benefits Management Company's Targeted Business Pilot Program Application

### **STATEMENT OF ISSUE**

This agenda item seeks Board approval of Fringe Benefits Management Company's eligibility for reimbursement of County ad valorem taxes at the level recommended by the Targeted Business Pilot Program Application Review Committee.

### **BACKGROUND**

On September 26, 2001, the City Commission authorized the implementation of the Targeted Business Pilot Program (TBPP) to help induce business growth beneficial to the City. On November 27, 2001, the Board of County Commissioners unanimously approved jointly participating in the program as described in the agenda item of that date (Attachment #1). On March 4, 2002, the first TBPP Preliminary Application was received from the Fringe Benefits Management Company.

On April 24, 2002, the City Commission approved an agenda item which presented the TBPP review committee scoring of 55 points and, based on that score, the applicant's eligibility to receive a 60% City ad valorem tax reimbursement and a 60% reimbursement of City development fees over a six year period. This agenda item seeks Board approval of the applicant's eligibility to receive a County ad valorem tax reimbursement in an amount equal to 60% of ad valorem taxes paid to the City (estimated at \$9,600 for the first year) for an inducement period of six years. Both the City's and the County's incentives will be subject to the applicant meeting performance requirements.

### **ANALYSIS**

The TBPP is intended to attract targeted business to Leon County which pay at or above existing area salaries. The incentives offered to new and existing (expanding) businesses under this program are in the form of:

#### **City of Tallahassee**

(1) reimbursement of up to 100% of all City of Tallahassee development fees and land use fees and utility connection charges, and

(2) reimbursement of up to 100% of an amount equivalent to the City ad valorem taxes paid on land, improvements, and tangible personal property for up to 10 years. Expansion projects would qualify for only the incremental increase in ad valorem taxes.

#### **Leon County**

(1) reimbursement of County ad valorem taxes in an amount which equals a "dollar for dollar" match of the City's

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reimbursement of ad valorem taxes (based on the applicant's scoring). Should a qualifying business locate in the unincorporated area of the County, the County reimbursement is the dollar amount that the applicant would be eligible for using the City's ad valorem millage reimbursement.

(2) reimbursement of up to 100% of an amount equivalent to the County ad valorem taxes paid on land, improvements, and tangible personal property for up to 10 years. Expansion projects would qualify for only the incremental increase in ad valorem taxes.

The amount of the above reimbursements awarded to a qualifying business is based on the scoring criteria (Attachment #2) evaluated by a review committee made up of representatives of County staff, City staff, and Economic Development Council staff. The applicant's final score determines the maximum amount and length of inducements that an applicant is eligible to receive. However, final approval of the maximum eligible amount and length of inducements for an applicant are approved by the County Commission and City Commission individually.

This program operates on a reimbursement basis. The County and City Commissions must first approve the maximum amount for which the applicant is eligible to be reimbursed at this Preliminary Application Stage. The applicant is later required to verify the number of jobs, amount of salaries, and other criteria were actually met when it submits a "Reimbursement Application", initially for development fees and then for each year over the time period of eligibility for ad valorem tax reimbursement. At that time, the TBPP review committee will reconvene to determine the actual payment to be received by the business. No further Board action is required beyond approval of the maximum eligibility score determined at this Preliminary Application stage.

#### **Fringe Benefits Management Company**

The first TBPP preliminary application was filed by The Fringe Benefits Management Company on March 4, 2002 for the relocation and expansion of their Corporate Headquarters. The company provides financial and insurance and is therefore qualified under this program as a "targeted industry" (targeted industry list, Attachment #2, page 10). The expansion is expected to result in 19 additional full-time jobs. The expansion would give the company a total employee population of 208. The company reports that the average annualized salary for the new positions will be \$27,365, which is above Leon County's average annualized salary of \$27,143. Moreover, 31.6% of the 19 new positions will be at or above Leon County's average annualized salary. Over \$5 million has been invested in the construction their building and the development of their site. It should be noted that the company will not own the building, however, there is a 16 year lease that provides that the company is responsible for paying each year's ad valorem taxes and costs for permits are ultimately the responsibility of the company.

Based on the TBPP review committee evaluation, this applicant received a score of 55 of the total 100 points possible, which yields a recommendation of a maximum eligibility of a reimbursement of 60% of City development fees (\$31,200), and 60% of reimbursement of City ad valorem taxes (estimated at \$9,600 in the first year) for a maximum inducement period of 6 years. (Note: the actual reimbursement will be based on 60% of the actual taxes paid to the City in each year of the inducement period subject to the company meeting the performance outcomes identified in the preliminary application in each of those years).

As the expansion is located in the City, the maximum eligible County reimbursement is based only on a dollar for dollar match of the 60% of the City's ad valorem tax reimbursement. The company is not eligible for a reimbursement of a percentage of County development fees since the company is not paying County development fees.

Should the Board approve staff's recommendation, it is estimated that the County will reimburse the Fringe Benefits Management Company approximately \$60,000 in County ad valorem taxes over the six year term of the inducement (60% anticipated City ad valorem taxes paid = approximately \$9,600 for each of six years). It should be noted that, minus the reimbursement, the County is expected to receive \$197,303 in taxes paid by this company over the six year term of the inducement.

**OPTIONS**

1. Approve eligibility of the Fringe Benefits Management Company for reimbursement of a County ad valorem taxes in a maximum amount equivalent to 60% of the ad valorem taxes to be paid to the City for a period of 6 years.
2. Do not approve the Fringe Benefits Management Company as eligible for reimbursement of County ad valorem taxes.
3. Approve the Fringe Benefits Management Company as eligible for reimbursement of County ad valorem taxes in some other amount less than that recommended by the TBPP review committee.
4. Board Direction.

**RECOMMENDATION**

Option #1

**Attachments:**

- 1 - Board of County Commissioners Agenda Item Dated November 27, 2001.
- 2 - Program Summary and Application Procedures
- 3 - Fringe Benefits Management Company - Preliminary Application, Excerpts
- 4 - TBPP Review Committee Membership and Recommendation

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**Board of County Commissioners**  
**Tuesday, April 30, 2002 Meeting - Follow-Up Memo**

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**Date:** Wednesday, May 01, 2002  
**To:** Honorable Chairman and Members of the Board  
**From:** Parwez Alam, County Administrator  
**Subject:** Follow-up to County Commission Meeting of April 30, 2002

- Item 17 Review of Fringe Benefits Management Company's Targeted Business Pilot Program Application (County Administration - Vincent Long) Commissioner Thael moved, seconded by Commissioner Grippa, to approve Option 1: Approve eligibility of the Fringe Benefits Management Company for reimbursement of a County ad valorem taxes in a maximum amount equivalent to 60% of the ad valorem taxes to be paid to the City for a period of 6 years.  
The motion carried 7-0.